

## **REMARKS**

### **Overview**

This amendment accompanies a request for continued examination. Claims 46, 47, 50-54 and 63-87 are pending in the present application. Claims 46, 47, 50-54 and 63-84 are rejected and claims 85-87 have been withdrawn from consideration. Claims 46, 65, 66, 85-87 have been amended. Claim 73 has been cancelled. The Office Action mailed August 3, 2009 has been carefully reviewed. The present response is an earnest effort to place all claims in proper form for immediate allowance. Reconsideration and passage to issuance is therefore respectfully requested.

### **Restriction by Original Presentation**

The Examiner indicates that claims 85-87 are withdrawn from consideration as being directed to a non-elected invention. The Examiner indicates that claims 85-87 are directed to an invention that is independent or distinct from the invention originally claimed as the previously presented independent claims relate to reading data from a tag in order to audit items subject to a finance agreement. Claims 85-87 relate to initiating a remotely controlled machine audit. It is respectfully submitted that claims 85-87 relate to reading data from a tag in order to audit items subject to a finance agreement and claims 85-87 are directed towards the same invention, but use alternative claim language. However, claims 85-87 have been amended to clarify that they are directed towards the elected invention. Therefore, it is respectfully requested that the Examiner reconsider withdrawing claims 85-87.

## **Claim Rejections Under 35 U.S.C. § 101**

Claims 46, 47, 50-54 and 63-84 are rejected under 35 U.S.C. § 101. Based on Supreme Court precedent and recent Federal Circuit decisions, the Office's guidance to examiners is that a § 101 process must (1) be tied to a machine or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. To satisfy the requirements of this statute, the Examiner indicates that the steps must explicitly state that they are performed by a computer or machine. It is respectfully submitted that Office's guidance provided to examiners is not a complete and accurate articulation of the Supreme Court jurisprudence associated with 35 U.S.C. § 101 and that the Supreme Court takes a broader view of what is patent eligible subject matter than the test being applied by the Examiner. It is further submitted that the Supreme Court precedent cited by the Examiner, namely, *Diamond v. Diehr*, 450 U.S. 175 (1981); *Parker v. Flook*, 437 U.S. 584; *Gottschalk v. Benson*, 409 U.S. 63 (1972); and *Cochrane v. Deener*, 94 U.S. 780 (1876) do not stand for the proposition that 35 U.S.C. § 101 can only be met by a process tied to a machine or one which transforms underlying subject matter to a different state or thing. Nevertheless, it is further submitted that claim 46 meets the *Bilski* test.

Claim 46, as amended recites "evaluating the audit information" and "wherein the step of evaluating the audit information being performed by a computer." Therefore, it is respectfully submitted that claim 46 includes a step that is performed by a computer and thus clearly meets the *Bilski* test. Therefore, the rejection to claim 46 should be withdrawn on this basis. It is further submitted that claim 46 also provides for a transformation. In particular, encrypted data from one or more electronically-readable identification tags is transformed into audit information which is further transformed into a determination of whether or not the second party is complying with an agreement. Therefore, the rejection to claim 46 should be withdrawn for this

independent reason as well. As claims 47, 50-54, 63-64, and 4 depend from claim 46, these rejections should also be withdrawn.

Independent claim 65 now recites "evaluating the audit information by a computer to determine compliance or non-compliance with the agreement." Therefore, it is respectfully submitted that claim 65 includes a step that is performed by a computer and thus clearly meets the *Bilski* test. Therefore, the rejection to claim 65 should be withdrawn on this basis. It is further submitted that claim 65 also provides for a transformation. In particular, data from one or more electronically-readable identification tags is transformed into a determination of whether or not the second party is complying with an agreement. Therefore, the rejection to claim 65 should be withdrawn for this independent reason as well. As claims 77-82 depend from claim 66, it is respectfully submitted that these rejections should also be withdrawn.

Independent claim 66 now recites "evaluating the audit information by a computer to determine compliance or non-compliance with the agreement." Therefore, it is respectfully submitted that claim 66 includes a step that is performed by a computer and thus clearly meets the *Bilski* test. Therefore, the rejection to claim 66 should be withdrawn on this basis. It is further submitted that claim 66 also provides for a transformation. In particular, data from one or more electronically-readable identification tags is transformed into a determination of whether or not the second party is complying with an agreement. Therefore, the rejection to claim 66 should be withdrawn for this independent reason as well. As claims 67-76 depend from claim 66, it is respectfully submitted that these rejections should also be withdrawn.

## **Claim Objections**

Claims 69 and 73 are objected to as these claims are duplicates. Claim 73 has been cancelled. Therefore, this objection is moot.

## **Claim Rejections Under 35 U.S.C. § 103**

Before addressing the rejections with respect to specific claims, it is believed it may be helpful to the Examiner to review some of the fundamental distinctions between these references and the claimed invention. The claimed invention clearly requires the second party to the agreement (the dealer that is floor planning in Carmichael) to do an audit electronically. Nowhere in the Carmichael article, “Floorplanning: Industry in Transition”, does the second party to the agreement perform the audit. This article clearly states that the floorplan finance company checks the dealer’s “floor” every thirty days to determine what merchandise has been sold, and if a floorplan dealer is “out of trust”, the floorplan dealer must immediately give the finance company *representative* a check for the amount due on the sold merchandise. Clearly, the audit is performed by the finance company’s *representative* (which could be read as a third party representative in the broadest sense). Also, the Carmichael article speaks of industry trends in which there was a move in 1992 towards a “pay schedule” whereby dealers and distributors were to make regularly scheduled payments, and flooring companies would have been able to bypass the costly floor checks. Nowhere in the Carmichael article is there any discussion about using a self-audit by the floorplan dealer, as a direct party to an agreement, to bypass the costly floor checks or audits. The present invention overcomes the present state of the industry in which audits are being performed by the finance company, or a third party on behalf of the floorplan finance company by having the floor plan dealers perform a self audit. This is of course the heart

of the present invention: a method for self-audits that satisfy the floorplan finance company, and reduces or eliminates the need for costly audits by the floorplan finance company, or a third party representative hired to audit on behalf of the floorplan finance company. Carmichael also states that after the finance company gives its approval, it obtains a security agreement which in effect provides a lien on the merchandise shipped to the dealer under a give approval number. The background of the invention in the present application points out the state of the industry, which may be different than what Carmichael portrayed in 1992. The Applicant states that if a dealer is experiencing cash flow problems, there is an opportunity for the funds (from the sale) to be retained and utilized by the dealer for a period of time, in essence taking the place of a short-term loan. The dealer deposits the funds from the transaction into his bank account, with good intentions to pay off the finance company when his cash position improves. However, if the dealer's cash flow does not improve, he can quickly get into a position where he is financially unable to pay off the finance company, and he is now seriously "out of trust". This type of situation can quickly escalate into a large sum of money that is owed, as well as being a large liability exposure for the finance company. If the dealer should then become insolvent, there are many issues concerning who has the legal right to the collateral. This is because the finance company usually does not file individual liens against individual "floor planned" vehicles, thus the finance company may have both the associated liability along with the financial risk of losing their collateral. Carmichael indicates the floorplan finance company has a "lien in effect" because it has a signed security agreement, but the reality is floorplan finance companies often do not file individual liens. Therefore, the Carmichael article does not accurately portray floorplanning in the current day or recognize all of the problems of finance companies addressed by the present invention.

Mercer et al. is generally directed towards an automobile identification and labeling and tracking system (title). Mercer et al. addresses the problems of auto dealers who expend too many resources receiving, preparing, and inventorying new and used vehicles. See e.g. paragraph [0004]. Mercer et al. also addresses the problem of sales people locating a particular vehicle within a dealer's lot when they desire to show the vehicle to a prospective customer. See e.g. paragraph [0008].

Capazario et al. is directed towards an image recognition inventory management system (title). Capazario et al. articulates its key feature as being able to update a store's inventory and planogram to keep the most saleable items in stock and on the shelves at all times. Paragraph [0011].

Rudolph et al. is directed towards an RFID tag for authentication and identification (title). Rudolph et al. is directed towards addressing the need to provide a system that securely authenticates an authorized recipient of a disbursement. See e.g. Paragraph [0006].

Hull et al. is directed towards a document security system (title). The document monitoring includes sensing documents placed on a surface and monitoring the documents for changes in position on the surface. See e.g. Paragraph [0013].

Claims 46, 47, 50, 51, and 63 are rejected under 35 U.S.C. § 103(a) as being unpatentable over **Carmichael**, 1992 in view of **Mercer** et al., U.S. Patent Publication No. 2004/008828 A1, and further in view of **Capazario** et al., U.S. Patent Publication No. 2003/0154141 A1, and further in view of **Rudolph** et al., U.S. Patent Publication No. 2002/0005774 A1. These rejections are respectfully traversed.

Claim 46, as amended, recites "evaluating the audit information to determine if the second party is complying or not complying with the finance agreement based on the audit information; and wherein the step of evaluating the audit information being performed by a computer." Carmichael does not disclose this step. Mercer does not disclose this step. Capazario et al. does not disclose this step. Rudolph et al. does not disclose this step. Nor one would one skilled in the art have found the invention of claim 46 to be obvious in view of such a difference. Therefore, this rejection to claim 46 must be withdrawn on this basis.

In addition, the Examiner fails to consider the teachings of the references as a whole when making the obviousness analysis. Thus, the Examiner's reasoning does not provide convincing evidence for concluding such a claim as obvious under *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007). "An inference of nonobviousness is especially strong where the prior art's teachings undermine the very reason being proffered as to why a person of ordinary skill would have combined the known elements." *Depuy Spine, Inc. v. Medtronic Sofamor Danek, Inc.*, 567 F.3d 1314, 1326 (Fed. Cir. 2009). That is exactly the case here. The stated reason to combine Carmichael with Mercer is "for the purpose of making it easier and more efficient for lenders in floor plan financing to determine whether a vehicle has been removed from the dealership of the borrower. If a vehicle has been removed from a dealership, then that signifies that the vehicle has been sold and a payment is due to the lender." Yet, Carmichael teachings emphasize the importance of not relying on the business receiving the floor plan financing and instead to engage in costly floor checks. Mercer is silent regarding lenders in floor plan financing and instead teaches a dealer inventory system. Thus, when the prior art teachings are considered as a whole, including the fact that the Examiner's stated reason to combine is undermined by Carmichael, this rejection to claim 46 must be withdrawn for this independent reason as well.

Claim 65 as amended also now recites "evaluating the audit information by a computer to determine compliance or non-compliance with the agreement. Carmichael does not disclose this step. Mercer does not disclose this step. Capazario et al. does not disclose this step. Rudolph et al. does not disclose this step. Nor one would one skilled in the art have found the invention of claim 46 to be obvious in view of such a difference. Therefore, this rejection to claim 46 must be withdrawn on this basis. As claims 47, 50, 51, and 63 depend from claim 47, these rejections should also be withdrawn.

Claim 52 is rejected under 35 U.S.C. § 103(a) as being unpatentable over **Carmichael**, 1992 in view of **Mercer** et al., U.S. Patent Publication No. 2004/008828 A1, and further in view of **Capazario** et al., U.S. Patent Publication No. 2003/0154141 A1, and further in view of **Rudolph** et al., U.S. Patent Publication No. 2002/0005774 A1, and further in view of **Hull** et al., U.S. Patent Publication No. 2004/0041707 A1. This rejection is respectfully traversed. Claim 52 depends from claim 46. The rejection to claim 46 should be withdrawn for the reasons previously expressed. The combination of Hull et al. does not remedy these deficiencies as Hull et al. does not teach "evaluating the audit information to determine if the second party is complying or not complying with the finance agreement based on the audit information; and wherein the step of evaluating the audit information being performed by a computer." Moreover, as previously expressed the Examiner's statement regarding the reason to combine Carmichael with Mercer is undermined by Carmichael. As claim 52 depends from claim 46, this rejection should also be withdrawn.

Claims 53, 54 and 64 are rejected under 35 U.S.C. § 103(a) as being unpatentable over **Carmichael**, 1992 in view of **Mercer** et al., U.S. Patent Publication No. 2004/008828 A1, and further in view of **Capazario** et al., U.S. Patent Publication No. 2003/0154141 A1, and further in view of **Rudolph** et al., U.S. Patent Publication No. 2002/0005774 A1, and further in view of **Adams** et al., U.S. Patent Publication No. 2003/0031819 A1. These rejections are respectfully traversed. Claims 53, 54, and 64 depend from claim 46. The rejection to claim 46 should be withdrawn for the reasons previously expressed. The combination of Adams et al. does not remedy these deficiencies as Adams et al. does not teach "evaluating the audit information to determine if the second party is complying or not complying with the finance agreement based on the audit information; and wherein the step of evaluating the audit information being performed by a computer." Moreover, as previously expressed the Examiner's statement regarding the reason to combine Carmichael with Mercer is undermined by Carmichael. As claim 53, 54, and 64 depend from claim 46, these rejections should also be withdrawn.

Claims 65, 66, 68, 70-72, and 77-79 are rejected under 35 U.S.C. § 103(a) as being unpatentable over **Carmichael**, 1992 in view of **Mercer** et al., U.S. Patent Publication No. 2004/008828 A1, and further in view of **Rudolph** et al., U.S. Patent Publication No. 2002/0005774 A1. These rejections are respectfully traversed. Claim 65 as amended recites "evaluating the audit information by a computer to determine compliance or non-compliance with the agreement. Neither Carmichael, nor Mercer et al. nor Rudolph et al. teach such a limitation. Therefore, this rejection to claim 65 should be withdrawn. Moreover, as previously expressed the Examiner's statement regarding the reason to combine Carmichael with Mercer is undermined by Carmichael. Therefore, this rejection to claim 65 must be withdrawn for this

independent reason as well. As claims 77-79 depend from claim 65, these rejections should also be withdrawn.

Independent claim 66 also recites "evaluating the audit information by a computer to determine compliance or non-compliance with the agreement." Neither Carmichael, nor Mercer et al. nor Rudolph et al. teach such a limitation. Therefore, this rejection to claim 66 should be withdrawn. Moreover, as previously expressed the Examiner's statement regarding the reason to combine Carmichael with Mercer is undermined by Carmichael. Therefore, this rejection to claim 65 must be withdrawn for this independent reason as well. As claims 68 and 70-72 depend from claim 65, these rejections should also be withdrawn.

Claim 67 is rejected under 35 U.S.C. § 103(a) as being unpatentable over **Carmichael**, 1992 in view of **Mercer** et al., U.S. Patent Publication No. 2004/008828 A1, and further in view of **Rudolph** et al., U.S. Patent Publication No. 2002/0005774 A1, and further in view of **Tallman** et al., U.S. Patent No. 5,708,417. This rejection is respectfully traversed. Claim 67 depends from claim 66. The combination of Carmichael, Mercer et al. and Rudolph et al. is deficient with respect to claim 66 for the reasons previously expressed. Tallman et al. does not remedy these deficiencies. Therefore, this rejection to claim 67 must also be withdrawn.

Claims 68, 73 and 80 are rejected under 35 U.S.C. § 103(a) as being unpatentable over **Carmichael**, 1992 in view of **Mercer** et al., U.S. Patent Publication No. 2004/008828 A1, and further in view of **Rudolph** et al., U.S. Patent Publication No. 2002/0005774 A1, and further in view of **Hull** et al., U.S. Patent Publication No. 2004/0041707 A1. These rejections are respectfully traversed. Claim 68 depend from claim 66. Claim 80 depends from claim 65 and claims 73 has been cancelled. The deficiencies of Carmichael, Mercer, and Rudolph et al. have

already been discussed. These deficiencies are not remedied by Hull et al. Therefore, it is respectfully submitted that these rejections should also be withdrawn.

Claims 74, 75, 81 and 82 are rejected under 35 U.S.C. § 103(a) as being unpatentable over **Carmichael**, 1992 in view of **Mercer** et al., U.S. Patent Publication No. 2004/008828 A1, and further in view of **Rudolph** et al., U.S. Patent Publication No. 2002/0005774 A1, and further in view of **Adams** et al., U.S. Patent Publication No. 2003/0031819 A1. These rejections are respectfully traversed. Claims 74 and 75 depend from independent claim 66. Claims 81 and 82 depend from independent claim 65. The combination of Carmichael, Mercer, and Rudolph is deficient at least for the reasons previously expressed. Adams et al. does not remedy these deficiencies. Therefore, these rejections should also be withdrawn.

Claims 76 and 83 are rejected under 35 U.S.C. § 103(a) as being unpatentable over **Carmichael**, 1992 in view of **Mercer** et al., U.S. Patent Publication No. 2004/008828 A1, and further in view of **Rudolph** et al., U.S. Patent Publication No. 2002/0005774 A1, and further in view of **Katagishi** et al., U.S. Patent Publication No. 2003/0120745 A1. These rejections are respectfully traversed. Claim 83 has been cancelled, therefore mooting the rejection to claim 83. With respect to claim 76, claim 76 depends from independent claim 66. The combination of Carmichael, Mercer et al. and Rudolph is deficient at least for the reasons previously expressed with respect to claim 66. Katagishi et al. does not remedy these deficiencies. Therefore, this rejection to claim 76 should also be withdrawn.

Claim 84 is rejected under 35 U.S.C. § 103(a) as being unpatentable over **Carmichael**, 1992 in view of **Mercer** et al., U.S. Patent Publication No. 2004/008828 A1, and further in view of **Capazario** et al., U.S. Patent Publication No. 2003/0154141 A1, and further in view of **Rudolph** et al., U.S. Patent Publication No. 2002/0005774 A1, and further in view of **Katagishi**

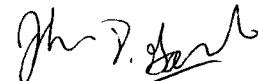
et al., U.S. Patent Publication No. 2003/0120745 A1. These rejections are respectfully traversed. Claim 84 depends from independent claim 46. The combination of Carmichael, Mercer et al. and Capazario et al. is deficient at least for the reasons previously expressed with respect to claim 46. Katagishi et al. does not remedy these deficiencies. Therefore, this rejection to claim 46 should also be withdrawn.

### **Conclusion**

This amendment accompanies the filing of a Request for Continued Examination (RCE). Please charge Deposit Account No. 26-0084 the amount of \$405.00 (small) for the RCE per the attached transmittal. No other fees or extensions of time are believed to be due in connection with this amendment; however, consider this a request for any extension inadvertently omitted, and charge any additional fees to Deposit Account No. 26-0084.

Reconsideration and allowance is respectfully requested.

Respectfully submitted,



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